



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **18 VAC 50-30 – Board for Contractors Individual License & Certification Regulations Department of Professional and Occupational Regulation April 8, 2005**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

Pursuant to Chapter 188 of the 2004 Acts of the General Assembly, the Board of Contractors (board) proposes to introduce entry requirements, fees, and certificate maintenance procedures for certified elevator mechanics into these regulations.

### **Estimated Economic Impact**

Virginia regulations do not currently directly regulate elevator mechanics. The Board for Contractors Regulations, 18VAC50-22, do specify that "A firm holding an EEC (elevator/escalator contracting) license is responsible for meeting all applicable tradesman licensure standards." But neither the Board for Contractors Regulations nor these regulations include licensure standards for elevator mechanics.

Pursuant to Chapter 188 of the 2004 Acts of the General Assembly, the board proposes to introduce elevator mechanic certification. Chapter 188 does not make clear whether certification

will be required for elevator mechanic practice. Section § 54.1-1140 of the Code of Virginia defines “elevator mechanic as follows:

"Elevator mechanic" means an individual who is certified by the Board in accordance with this article who is engaged in erecting, constructing, installing, altering, servicing, repairing, testing or maintaining elevators, escalators, or related conveyances in accordance with the Uniform Statewide Building Code. However, a person not certified as an elevator mechanic may perform maintenance that is not related to the operating integrity of an elevator, escalator, or related conveyance, as provided in the regulations of the Board.

The latter sentence implies that certification is required for the performance of maintenance that is related to the operating integrity of an elevator, escalator, or related conveyance; but the Code of Virginia does not explicitly specify that certification is required.

These proposed regulations, 18VAC50-30, also do not specify that certification is required in order for an individual to perform any particular type of elevator mechanic work. The proposed language in these regulations does explicitly provide title protection for certified elevator mechanics. Section 130 states that “any person who holds himself out as a ... certified elevator mechanic, as defined in § 54.1-1140 of the Code of Virginia, without the appropriate certification, may be subject to prosecution under Title 54.1 of the Code of Virginia.”

The Department of Professional and Occupational Regulation (department) believes that it was the legislatures intent to require certification for the performance of maintenance that is related to the operating integrity of an elevator, escalator, or related conveyance. The department believes that if a non-certified person performs maintenance that is related to the operating integrity of an elevator, he is subject to criminal charges detailed in § 54.1-111 of the Code of Virginia. Section § 54.1-111 states that it is unlawful for any person to engage in “Performing any act or function which is restricted by statute or regulation to persons holding a professional or occupational license or certification, without being duly certified or licensed.” Further, “Any person who willfully engages in any unlawful act enumerated in this section shall be guilty of a Class 1 misdemeanor. The third or any subsequent conviction for violating this section during a 36-month period shall constitute a Class 6 felony.”

Under the proposed regulations, elevator mechanics can gain certification by either having three years of practical experience, completing 144 hours of formal vocational training, and passing a board-approved examination, or alternatively by successfully completing an elevator mechanic apprenticeship program that is approved by the Virginia Apprenticeship Council or registered with the Bureau of Apprenticeship and Training, U.S. Department of Labor. Experience in excess of four years may be substituted for formal vocational training at a ratio of one year of experience for 40 hours of formal training, but not to exceed 120 hours. In order to maintain certification, elevator mechanics must complete eight hours of continuing education per two-year period. Proposed fees are \$75 for initial certification and \$35 for certification renewal every two years.

Testimony provided at legislative committee meetings indicated that the majority of those individuals currently employed as elevator mechanics already belong to organizations that have in place substantive training programs that include continuing education.<sup>1</sup> The department believes that the majority of those individuals currently employed as elevator mechanics already satisfy the requirements for certification. For those elevator mechanics that must change their actions in order to satisfy certification criteria, the following costs apply. According to the National Elevator Industry Education Program, the cost for a program that covers 144 hours of formal vocational training would be approximately \$2,000, and eight hours of continuing education would cost about \$200. An individual who has more than four years of experience or has completed some vocational training could meet the certification requirement with less than 144 hours of formal training and less than \$2,000 in payment.

As discussed above, it is not clear whether elevator mechanic certification will in practice be solely title protection, or will it be required for certain types of elevator mechanic work. In its use as title protection, certification will likely produce a net benefit. Hiring firms and the rest of the public will be assured that certified individuals have substantial relevant experience, training, and knowledge. This saves hiring firms and the public the time and expense of obtaining this information for themselves.

It seems reasonable to expect that the risk of injury on elevators that have been worked on by elevator mechanics who have gained the experience, training, and knowledge required for

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<sup>1</sup> Source: Department of Professional and Occupational Regulation

certification is to some degree less than the risk of injury on elevators that have been worked on by individuals who have not gained the experience, training, and knowledge required for certification. No estimate of the difference in this risk is currently available. The Virginia Housing Study Commission reports in their 2003 Annual Report to the Governor and the General Assembly that there were two fatal incidents related to elevator safety in the previous fifteen years. In order to estimate the benefit of requiring certification for elevator mechanic work, we would need to know the reduction in probability of fatal and non-fatal incidents<sup>2</sup> occurring due to more elevator mechanic jobs being performed by those with greater experience, training, and knowledge. Since this data is not available, an accurate estimate of the benefit of required certification cannot be made at this time.

### **Businesses and Entities Affected**

The department estimates that approximately 300 to 400 individuals will seek elevator mechanic certification. Their employers and the public will be affected.

### **Localities Particularly Affected**

Localities that contain many tall buildings with elevators, such as Fairfax, Arlington, Richmond, Norfolk, and other more urbanized areas, will be particularly affected.

### **Projected Impact on Employment**

Demand for elevator mechanic training and continuing education courses will likely increase. Employment for providers of these services may consequently increase as well.

### **Effects on the Use and Value of Private Property**

As stated above, there is reason to believe that the majority of elevator mechanics in Virginia already meet certification requirements. If certification is to be required for certain types of elevator mechanic work, then those individuals who do not already meet the requirements for certification will need to acquire the additional experience, training, or knowledge that they need to meet the requirements. Even if certification will serve only for title protection, there will likely be some additional demand for elevator mechanic training and continuing education courses in order to achieve certification. The value of providers of these services will consequently increase.

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<sup>2</sup> The Virginia Housing Study Commission did not report on non-fatal incidents.